

E. EFFECT OF INCOME ON ELIGIBILITY AND BENEFIT LEVEL

Purpose: This section contains cash, medical and food assistance rules and procedures for determining countable income, including:

- How countable income affects eligibility and benefit level
- How to apply the TANF/SFA gross earned income limit
- Earned income incentives and deductions for TANF/SFA and GA-U
- Food assistance income deductions
 - General information on food assistance deductions
 - Shelter cost deductions
 - Utility allowances
 - Medical expenses
- How to calculate food assistance benefits
- How to calculate benefits for AUs eligible for both Food Stamps and the Food Assistance Program (FAP)
- Countable income for medical programs

Effective January 1, 2000

WAC 388-450-0162 The department uses countable income to determine if you are eligible and the amount of your cash and food assistance benefits.

- (1) Countable income is all income that remains after we subtract the following:
 - (a) Excluded or disregarded income under WAC 388-450-0015;
 - (b) Deductions or earned income incentives under WAC 388-450-0170 through 388-450-0200.
 - (c) Allocations to someone outside of the assistance unit under WAC 388-450-0095 through 388-450-0160.
- (2) Countable income includes all income that must be deemed or allocated from financially responsible persons who are not members of your assistance unit.
- (3) For cash assistance:

- (a) We compare your countable income to the payment standards in WAC 388-478-0020 and 388-478-0030.
 - (b) You are not eligible for benefits when your assistance unit's countable income is equal to or greater than the payment standard plus any authorized additional requirements.
 - (c) Your benefit level is the payment standard and authorized additional requirements.
 - (d) Your benefit level is the payment standard and authorized additional requirements minus your assistance unit's countable income.
- (4) For food assistance:
- (a) We compare your countable income to the monthly net income standard specified in WAC 388-478-0060.
 - (b) You are not eligible for benefits when your assistance unit's income is equal to or greater than the monthly net income standards.
 - (c) Your benefit level is the maximum allotment in WAC 388-478-0060 minus thirty percent of your countable income.

CLARIFYING INFORMATION

1. We reduce the cash or food assistance benefit amount by any sanction penalties or overpayment deductions before issuing a benefit.
2. We allow child support payments as a deduction when they are paid for a period of time that the child was out of the home. This is true even if the child is now in the home.
3. For more information on child support deductions, see WAC 388-450-0185 for cash assistance and WAC 388-450-0105 for food assistance.
4. For clients applying for cash assistance, see WAC 388-450-0225, How the department calculates the benefit amount for the first month of eligibility for cash assistance.

5. For cash assistance, when an AU contains eight or more people we calculate the benefit level by subtracting the countable income from the appropriate payment standard. The grant payment **cannot** exceed the maximum payment of \$1075. See WAC 388-478-0015, Need standards for cash assistance.

Example

Nine-person TANF AU with countable income of \$75.

Payment standard	\$1180
Less net countable income	- 75
Benefit level	\$1105
Grant Payment	\$1075 (maximum payment)

WAC 388-450-0165 Gross earned income limit for TANF/SFA.

When applying the gross earned income limit as required under WAC 388-478-0035:

- (1) **"Family"** means:
 - (a) All adults and children who would otherwise be included in the assistance unit under WAC 388-408-0015, but who do not meet TANF/SFA eligibility requirements;
 - (b) The unborn child of a woman in her third trimester of pregnancy; and
 - (c) The husband of a woman in her third trimester of pregnancy, when residing together.
- (2) **"Gross earned income"** does not include excluded income, as provided in WAC 388-450-0015.
- (3) The following amounts are disregarded when determining a family's gross earned income:
 - (a) Court or administratively ordered current or back support paid to meet the needs of legal dependents, up to:
 - (i) The amount actually paid; or

- (ii) A one-person need standard for each legal dependent.
- (b) Authorized ongoing additional requirement payment as defined in WAC 388-255-1050 through 388-255-1250.

CLARIFYING INFORMATION

To find the gross earned income limit for TANF/SFA, see WAC 388-478-0035, Maximum earned income limits for TANF and SFA.

Effective October 1, 2002

WAC 388-450-0170 TANF/SFA earned income incentive and deduction.

This section applies to TANF/SFA, RCA, and medical programs for children, pregnant women, and families except as specified under WAC 388-450-0210.

- (1) If a client works, the department only counts some of the income to determine eligibility and benefit level.
- (2) We only count fifty percent of your monthly gross earned income. We do this to encourage you to work.
- (3) If you pay for dependent care before we approve your benefits, we subtract the amount you pay for those dependent children or incapacitated adults who get cash assistance with you.
 - (a) The amount we subtract is:
 - (i) Prorated according to the date you are eligible for benefits
 - (ii) Cannot be more than your gross monthly income; and
 - (iii) Cannot exceed the following for each dependent child or incapacitated adult:

[Ed. Note: The dollar figures in the following table are in the wrong columns. This will be corrected in the filed version of the WAC as soon as possible.]

Dependent Care Deductions		
Hours Worked Per Month	Child Under Two Years of Age	Child Over Two Years of Age or Incapacitated Adult
0 - 40	\$ 43.75	\$ 50.00
41 - 80	\$ 87.50	\$100.00
81 - 120	\$131.25	\$150.00
121 or More	\$175.00	\$200.00

- (b) In order to get this deduction:
 - (i) The person providing the care must be someone other than the parent or stepparent of the child or incapacitated adult; and

(ii) You must verify the expense.

CLARIFYING INFORMATION

1. If a client does not report income timely and we later discover this income, we recalculate the client's benefits as if they had reported timely and determine if there is a benefit error. Clients still receive the 50% earned income incentive.
2. GA-U, GA-X and ADATSA clients receive an earned income incentive and work expense deduction as described in WAC 388-450-0175, GA-U earned income incentive and deduction.
3. When we determine the dependent care maximum deduction, we use a child's age on the first day of the month as the child's age for that month. (e.g., If a child turns two on August 15, we consider the child as under two for August and two years of age in September).

WAC 388-450-0175 GA-U earned income incentive and deduction.

This section applies to the GA-U cash assistance program.

- (1) When a client's countable income is determined, eighty-five dollars plus one half of the remainder of a client's monthly gross earned income is disregarded as an incentive to employment.
- (2) In addition to the work incentive provided in subsection (1) of this section, work expenses are disregarded in an amount equal to twenty percent of the gross earned income; or
- (3) At the option of the client, actual verified work expenses, including:
 - (a) Mandatory deductions required by law or as a condition of employment, such as FICA, income tax, and mandatory retirement contributions;
 - (b) Union dues when union membership is required for employment;
 - (c) Clothing costs when the clothing is necessary for employment;
 - (d) Tools necessary for employment;
 - (e) Other expenses reasonably associated with employment, such as legally binding contracts with employment agencies; and
 - (f) Transportation expenses as follows:
 - (i) If public transportation (other than for-hire vehicles such as taxis) is available and practical, the actual monthly cost, based on a commuter's pass, ticket book, or tokens at reduced quantity rates, even if the client does not use public transportation; or
 - (ii) If public transportation is not available or practical, the actual amount if the client pays another person to drive; or
 - (iii) If public transportation is not available or practical and the client uses his or her own vehicle, the costs, based on the percentage of work-related miles driven, for service and repairs, replacement of worn parts, registration and license fees, the interest on car payments, and either eight cents per mile or the actual cost for

gas, oil, fluids, and depreciation.

CLARIFYING INFORMATION

1. Clients can choose the method we use to deduct work expenses whenever they report a change to the department. See **CHANGE OF CIRCUMSTANCES** to determine the effective date of changes.
2. If the client does not indicate a preferred method of work expense deduction, we use the percentage method.

EXAMPLE

GA-U client has gross earned income of \$300 per month.

- a. Calculating GA-U earned income incentive:

\$300.00	Gross earned income
<u>- 85.00</u>	Subtract first \$85
\$215.00	
<u>÷ 2</u>	Divide by two
\$107.50	
<u>+ 85.00</u>	Add first \$85 back
\$192.50	Earned income incentive

- b. Calculating GA-U work expense deduction (client chooses 20% - "percentage method")

\$300.00	Gross earned income
<u>x 20%</u>	"Percentage method"
\$ 60.00	Work expense deduction

- c. Calculating countable earned income for GA-U

\$300.00	Gross earned income
<u>- 192.50</u>	Earned income incentive
<u>- 60.00</u>	Work expense deduction
\$47.50	Countable earned income

Effective October 1, 2002

WAC 388-450-0185 Does the department count all of my income to determine my eligibility and benefits for food assistance?

We subtract the following amounts from your assistance unit's (AU's) countable income before we determine your food assistance benefit amount:

- (1) A standard deduction based on the number of people in your AU under WAC 388-408-0035:

Eligible and ineligible AU members	Standard deduction
1	\$134
2	\$134
3	\$134
4	\$134
5	\$147
6 or more	\$168

- (2) Twenty percent of your AU's gross earned income (earned income deduction);

- (3) Your AU's expected monthly dependent care expense as described below:

- (a) The dependent care must be needed for AU member to:

- (i) Keep work, look for work, or accept work;
- (ii) Attend training or education to prepare for employment; or
- (iii) Meet employment and training requirements under chapter 388-444 WAC.

- (b) We subtract allowable dependent care expenses that are payable to someone outside of your AU:

- (i) Up to two hundred dollars for each dependent under age two; and
- (ii) Up to one hundred seventy-five dollars for each dependent age two or older.

- (4) Medical expenses over thirty-five dollars a month owed or anticipated by an elderly or disabled household member as described under WAC 388-450-0200.

- (5) Legally obligated current or back child support paid to someone outside of your AU:
 - (a) For a person who is not in your AU; or
 - (b) For a person who is in your AU to cover a period of time when they were not living with you.
- (6) A portion of your shelter costs as described in WAC 388-450-0190.

CLARIFYING INFORMATION

For information on the shelter deduction, see WAC 388-450-0190

For information on utility allowances, see WAC 388-450-0195; or

For information on medical deductions, see WAC 388-450-0200.

Standard Deduction

1. The Federal government sets the standard deduction each October by comparing 8.31% of the current federal poverty rate for the number of AU members to \$134. The standard deduction is the larger of the two figures.
2. For the standard deduction, we count eligible and ineligible AU members, but we do not count non-members such as ineligible students or someone who lives in the residence but is not an AU member under WAC 388-408-0035.

Deductible Child Support Payments

1. We allow the child support deduction before determining the shelter cost deduction.
2. We limit the deduction to the lesser of the amount paid or legally obligated. We do not allow a deduction for an amount that is voluntarily paid over the legal obligation.

NOTE: We allow an amount over the monthly support order if it is to repay back child support the client is legally obligated to pay.

3. We do not allow a deduction for payments that are not legally obligated. Examples of payments that do not qualify for this deduction are voluntary payments and contributions for a child's needs not specified in the court order.
4. Clients do not have to report changes in the amount of child support they pay. We do not consider failure to pay child support as a change of circumstance. We are required to act on a change if clients report an increase or decrease in child support.
5. In addition to support paid for children outside the home, we allow the deduction when clients pay support for children now in the AU when the support is:
 - a. Legally obligated; and
 - b. For a period of time the child was outside the support payer's home.
6. If someone outside of the AU consistently pays the child support obligation, we allow the child support deduction only if the AU member must repay the amount under a bona fide loan agreement.

Dependent Care Deductions:

1. We allow the dependent care deduction for the AU's incurred or expected dependent care costs, up to the maximum amount allowed under WAC 388-450-0185.
2. When a portion of the client's dependent care expenses is paid by Working Connections Child Care (WCCC) or any other source, the client gets the dependent care deduction for the portion not paid by someone else. The deduction can't be more than the maximum amount allowed under WAC 388-450-0185.
3. Clients only get the dependent care deduction for expenses we expect will not be reimbursed. The deduction can't be more than the maximum amount allowed under WAC 388-450-0185.
4. Some clients have both subsidized and private-pay child care expenses. Clients can receive the deduction for both, as long as the requirements of WAC 388-450-0185 are met.
5. Child care expense for educational purposes:

- a. If we disregard a client's educational benefits under WAC 388-450-0035, we can only allow a deduction for the anticipated child care expense above the amount "earmarked" for dependent care expenses.
- b. We prorate earmarked funds over the period that the clients are intended to use the educational benefits.

EXAMPLE

Client receives \$1200.00 Educational Benefits through the Perkins Act for January - March. \$400.00 is identified as being for childcare expenses. Client pays \$195.00 monthly for the care of their five-year-old daughter.

\$175.00 Maximum dependent care deduction (age two and over)
133.33 (\$400 Earmarked Expense ÷ 3 months)

41.67 Dependent Care Deduction

NOTE: There is no federal definition for "training or education to prepare for employment". This could be a short-term course or a four-year college, as long as it would be reasonable to expect that it would help the client become employed.

6. Dependent care deduction when the person with income is an ineligible AU member:

If the ineligible member has income **and** dependent care expense billed to or paid by the ineligible member(s), we determine the deduction by:

- a. Dividing the expenses evenly among all the AU's eligible and ineligible members; and
 - b. Assigning the prorated share of such expenses to the eligible members.
7. WCCC co-payment waived by the provider:

We allow the dependent care deduction for a client's WCCC co-pay even if the provider waives the fee on a regular basis.

Deductions for AUs with Special Circumstances

1. Drug and alcohol Inpatient treatment facilities:

- a. We allow the following deductions for clients who pay a part of the cost of their own care:
 - (1) Standard deduction;
 - (2) The amount the client pays as a medical cost if treatment is prescribed by a physician; and
 - (3) The amount the client pays that we do not use as a deduction in (2) as a shelter expense up to the shelter maximum.
- b. Clients who do not pay a part of the cost of their own care receive the standard deduction only.

NOTE: The above section applies **only** when a client has been in the facility for more than 30 days.

c. Group living arrangements:

For clients who live in group-homes, we follow normal eligibility procedures other than shelter costs. We determine the shelter costs for clients that pay room and board by deducting the maximum allotment for one person from the amount paid to the home.

See **STANDARDS** WAC 388-478-0060 for maximum allotment.

WORKER RESPONSIBILITIES

Verifying WCCC Co-payment

DSHS runs the WCCC program. Because of this, any change in the co-payment is "known to the department." Workers must act on all known changes.

If the review for a client's WCCC is pending when you re-certify food assistance benefits, you must determine the dependent care deduction to allow. If you do not authorize the WCCC, contact the WCCC worker to find out the co-payment. If the new co-pay has been determined, use this new amount for the deduction. If the client is expected to continue to receive WCCC but the new co-pay has not been calculated, you must:

1. Document the conversation with the WCCC worker.
2. Use the current co-pay as the best estimate for the deduction.
3. Complete the food assistance certification.
4. When you are informed of the new co-pay, treat the new amount as a change according to **CHANGE OF CIRCUMSTANCES** rules.

Effective October 1, 2002

WAC 388-450-0190 How does the department figure my shelter cost income deduction for food assistance?

The department calculates your shelter cost income deduction as follows:

- (1) First, we add up the amounts your assistance unit (AU) must pay each month for shelter. We do not count any overdue amounts, late fees, penalties or any amount you pay ahead of time as an allowable cost. We count the following expenses as an allowable shelter cost:
 - (a) Ongoing rent, lease and mortgage payments;
 - (b) Property taxes;
 - (c) Homeowner's association or condo fees;
 - (d) Homeowner's insurance for the building only;
 - (e) Utility allowance your AU is eligible for under WAC 388-450-0195;
 - (f) Out-of-pocket repairs for the home if it was substantially damaged or destroyed due to a natural disaster such as a fire or flood.
 - (g) Expense of a temporarily unoccupied home because of employment, training away from the home, illness, or abandonment caused by a natural disaster or casualty loss if your:
 - (i) AU intends to return to the home;
 - (ii) AU has current occupants who are not claiming the shelter costs for food assistance purposes; and
 - (iii) AU's home is not being leased or rented during your AU's absence.
- (2) Second, we subtract all deductions your AU is eligible for under WAC 388-450-0185 (1) through (5) from your AU's gross income. The result is your AU's net income.
- (3) Finally, we subtract one-half of your AU's net income from your AU's total shelter

costs. The result is your excess shelter costs. Your AU's shelter cost deduction is the excess shelter costs:

- (a) Up to a maximum of three hundred sixty seven dollars if no one in your AU is elderly or disabled; or
- (b) The entire amount if someone in your AU is elderly or disabled, even if the amount is over three hundred sixty seven dollars.

CLARIFYING INFORMATION

1. Allowable Shelter Costs

We allow the following ongoing and current shelter costs when calculating the shelter deduction for an assistance unit:

- a. We allow rent including mandatory lease agreement fees for extra non-food expenses (e.g., cable, furniture, garage, and storage).
 - (1) We count these non-food expenses only when the lease or contract requires the client to pay the fees. For example, if a client's rent includes cable and the cable expense is not optional then the expense is considered mandatory and is allowable.
 - (2) We do not count a mandatory fee for a daily meal or toiletries as a shelter cost.
 - (3) We use the cost a client must pay if the rent is paid on time as the rent cost. We do not change the allowable shelter costs due to discounts for early payment or fees for late payment.
 - (4) For assistance units receiving HUD, FHA, or other rental subsidies, we allow only the out-of-pocket rent expense for the AU.
 - (5) We allow money paid by one AU to another AU living in the same residence for a share of the total rent.
- b. For group home residents who pay a flat fee for room and board, we calculate allowable shelter costs by subtracting the one-person maximum food assistance allotment from the amount paid to the home.

- c. Assistance units that own or are buying a home can use the following home-ownership expenses as a shelter cost:
 - (1) Payments on first and/or second mortgages;
 - (2) Real estate contract payments, loan payments including interest, leading to ownership of the house or mobile home;
 - (3) Property taxes: When an AU has their property taxes deferred to a later date, we allow only the deduction for the taxes at the point the tax would be due without a deferral. We do not allow waived taxes.
 - (4) State and local assessments;
 - (5) The entire amount of condo fees;
 - (6) Mandatory homeowner's association fees; and
 - (7) Structural insurance only. We allow the total cost of structural and furnishings insurance only when the structural insurance cannot be separated from coverage for furniture and belongings.
 - (8) Cost of an unoccupied home as allowed in WAC 388-450-0190.
 - (9) Cost of home repairs resulting from a natural disaster such as fire or flood. We do not allow costs covered by insurance and other public or private sources.
- d. Costs for more than one residence in a single month when an AU moves mid-month.

2. **Non-allowable shelter costs:**

We do not allow the following:

- a. The unpaid value of shelter a client receives free or at a reduced cost in exchange for work;

- b. In-kind or non-cash payments instead of paying rent (e.g., client purchases \$300 worth of household supplies instead of paying \$300 to a roommate or landlord);
- c. Payments on a mortgage in excess of monthly minimum payment (Prepaying mortgage);
- d. Down payments on a mortgage;
- e. Balloon payments on a mortgage;
- f. A payment toward the purchase of a home that is made after the last contract payment for the home;
- g. Payments on a foreclosed home if the client is no longer legally obligated to pay the mortgage.
- h. An HUD add-on to contract rental charges to recover previously undercharged rent;

NOTE: A landlord statement or receipt may not reflect any add-on expenses for recovery of previously undercharged rent.

- i. Security or rental deposits or prepayment of future rent;
- j. Payments made directly to landlord or mortgage company by non-AU members;
- k. Mandatory fees for meals specified in lease agreements;
- l. Late fees;
- m. Payments on mortgage or rental costs for a previous time period; or
- n. Costs for an unoccupied home unless it is allowed in WAC 388-450-0190.
- o. Shelter expenses that are consistently paid by someone outside the AU. If a parent, friend, or agency pays the client's shelter costs only on occasion, the AU is still eligible for the full shelter expense deduction. HUD or FHA or other subsidies are not allowed as shelter costs.

- p. Shelter deductions above the \$367 maximum for an AU if the only elderly or disabled AU member is an ineligible AU member.

3. Shared living / roomers:

- a. When an AU owns or is buying a residence and shares the residence with another AU, we consider the AU that owns the home to have a roomer:
 - (1) The rent paid to the homeowner is counted as self-employment earned income. See Clarifying Information of WAC 388-450-0080 to determine income from a roomer.
 - (2) The roomer receives the shelter deduction for:
 - (a) The rent paid to the owner; and
 - (b) A utility allowance if they are paying a portion of the utility costs separate from the rent.
 - (3) The owner receives the shelter deduction for a utility allowance and either:
 - (a) The portion of shelter costs not used as a self-employment expense based on number of bedrooms in the residence and the number of bedrooms rented out. Any portion of the mortgage that is identified as going to principal must be considered as a shelter cost since payments on the principal are not allowed as a cost of doing business; or
 - (b) All expenses the landlord must pay for the housing costs.

EXAMPLE 1

Landlord rents out one of three bedrooms. Total cost of mortgage, taxes, and insurance is \$900.00 monthly. Mortgage papers indicate that \$125.00 of monthly payment is applied to principal. The owner can use either of the two options below for her expenses.

Option 1: \$600 (+ Utilities) Shelter expense (2/3 of \$900.)
 \$300 Self-employment expense.

Option 2: \$900 (+ Utilities) Shelter expense.

EXAMPLE 2

Landlord rents out three of four bedrooms. Total cost of mortgage, taxes, and insurance is \$1200.00 monthly. Mortgage papers indicate that \$400.00 of monthly payment is applied to principal.

Option 1: \$400 (+ Utilities) Shelter expense.
\$800 Self-employment expense.

1/4 of \$1200 = \$300, but \$400 is identified as principal.

Option 2: \$1200 (+ Utilities) Shelter expense.

NOTE: The amount going to principal must be counted as a shelter cost since payments on the principal are not allowed as a cost of doing business. (This can be included in the portion of housing costs considered as the landlord's shelter cost, but the amount paid to principal **cannot** be greater than the amount considered as a shelter cost.)

See Clarifying Information of WAC 388-450-0195 for information on utilities.

See Clarifying Information of WAC 388-450-0080 to determine income from a roomer.

4. When clients rent out an area of their home other than a bedroom, we count this area as another bedroom and determine the self-employment expense as in Section 1 above.

EXAMPLE 1

Client rents out the living room of their two-bedroom home. We treat the residence as a three-bedroom home. The client is renting out one of the three rooms.

EXAMPLE 2

Client rents out one bedroom, the basement, and a refurbished garage in their three-bedroom home. We treat the residence as a five-bedroom home. The client is renting out three of the five rooms.

- c. AUs that rent a residence are considered to have roomers when:
- (1) They rent out a portion of the residence to someone outside of the AU; and
 - (2) The rent they receive is more than the total rent obligation for the AU as shown on the rental agreement or lease.
 - (a) The rent paid to the AU is counted as self-employment earned income. See Clarifying Information of WAC 388-450-0080 to determine income from a roomer.
 - (b) The roomer receives the shelter deduction for:
 - (i) The rent paid to the AU; and
 - (ii) A utility allowance if they are paying a portion of the utility costs separate from the rent.
 - (c) The AU receives the shelter deduction for a utility and either:
 - (i) The portion of shelter costs not used as a self-employment expense based on number of rooms in the residence and the number of rooms rented out; or
 - (ii) All costs the AU must pay for the housing.
- See Clarifying Information of WAC 388-450-0195 for information on utilities.
- d. Clients that share a residence are not considered to have roomers if they:
- (1) Do not own the residence;
 - (2) Are not buying the residence; and
 - (3) Do not charge their roommates an amount above what the total rent is as shown on the lease.

Effective October 1, 2002

WAC 388-450-0195 Utility allowances for food assistance programs.

- (1) For food assistance programs, “utilities” include the following:
- (a) Heating and cooking fuel;
 - (b) Cooling and electricity;
 - (c) Water and sewerage;
 - (d) Garbage and trash collection; and
 - (e) Basic telephone service.
- (2) The Department uses the amounts below if you have utility costs separate from your rent or mortgage payment. We add your utility allowance to your rent or mortgage payment to determine your total shelter costs. We use total shelter costs to determine your food assistance benefits.
- (a) If you have heating or cooling costs, you get a standard utility allowance (SUA) that depends on your assistance unit's size.

Assistance Unit (AU) Size	Utility Allowance
1	\$275
2	\$283
3	\$291
4	\$300
5	\$308
6 or more	\$316

- (b) If your AU does not qualify for the SUA and you have utility costs other than telephone costs, you get a limited utility allowance (LUA) of \$215.
- (c) If your AU has only telephone costs and no other utility costs, you get a telephone utility allowance (TUA) of \$35.

CLARIFYING INFORMATION

1. The SUA is based on the number of members that are in the food assistance AU under WAC 388-408-0035. The LUA and TUA do not change based on the number of AU members.

2. **How ineligible AU members affect the SUA:**

- a. We use everyone who is in the AU under WAC 388-408-0035 to determine the SUA for the AU. This includes ineligible members such as ineligible aliens, drug-related felons, clients who refuse to provide a social security number etc.
- b. We don't use people who are **not** members of the AU to determine the AU's SUA. This includes ineligible students or someone who doesn't have to be in the AU and they buy and cook food separately.

NOTE: Even though we use ineligible members to determine the SUA for the AU, an ineligible member cannot receive food assistance benefits. Make sure to enter any ineligible members on the AU's STAT screen for this to work correctly.

3. **The Standard Utility Allowance (SUA)**

- a. **How can an AU qualify for SUA?**

An AU qualifies for SUA if the AU:

- (1) Incurs or expects to incur any out-of-pocket heating or cooling costs separate from rent or mortgage costs; or
- (2) Receives a LIHEAA (Low Income Home Energy Assistance Act) payment for the AU's current residence from a state or local agency or from an Indian Tribal Organization.

NOTE: The utility standards come from an average annual expense. Clients that heat with oil and fill the tank once a year are eligible for the SUA for the entire year, even though they actually pay the bill in one month.

NOTE: A vendor payment for **part** of the heating or cooling costs paid by a friend, relative, AREN, or another agency does not affect whether a client qualifies for SUA.

b. What counts as a heating cost?

Clients have a heating cost when they have incurred or expected to incur out-of-pocket fuel costs to operate a device used as the primary heat source for the living quarters.

- (1) If wood is the primary heat source for the residence, the client must have out-of-pocket costs for the wood fuel. Costs to operate a cooking stove, oven, or indirect costs for gathering wood do not qualify the AU for SUA;

EXAMPLE

A client who buys a cord of firewood or buys pellets for their pellet stove would qualify for SUA. A client that buys a chainsaw, gasoline, and a permit to cut firewood does **not** qualify for SUA if the client has no costs for wood fuel.

- (2) If a client incurs costs to use a device that delivers heat, but no costs to create the heat, the client does not qualify for a SUA.

EXAMPLE

Client has an apartment with steam heat. Heat is brought into the apartment by an electric fan that the client pays for by separate metering. The heat is included in the cost of renting the apartment. This client is **not** eligible for SUA.

- (3) Costs to operate any device that is used as the client's primary heat source qualifies the AU for SUA when:
 - (a) The landlord does not include heating costs in the rent; or
 - (b) The landlord includes heating costs in the rent, but the heating is unavailable. We consider it to be unavailable if:

- (i) The source of heat is not working; or
- (ii) The client can't use the source of heat for health reasons.

EXAMPLE 1

We allow the SUA if the client has oil heat provided by the landlord, but the client heats with electric because the client is sensitive to oil heat.

EXAMPLE 2

We allow the SUA if the landlord doesn't include heating costs in the rent and the client heats using electric space heaters instead of the more expensive propane heat the client's home is equipped with.

EXAMPLE 3

We **don't** allow SUA if the client has one source of heat provided by the landlord, and the client chooses to heat with a different source just because they prefer to use the other source.

EXAMPLE 4

We **don't** allow SUA if the client has heat provided by the landlord, and the client uses another source to supplement the heat because the included source doesn't heat well enough.

NOTE: When we allow SUA for a client that uses a source different than what is standard for the home, we must document that the source is the client's primary heating source. If a heating cost is included in the rent, we must document why this source of heat is not available.

c. **What counts as a cooling cost?**

Clients have a cooling cost when they have incurred or expect to incur costs to operate an air conditioning system, room air conditioner, or swamp cooler. (Electric fans do not count as air conditioners.)

d. **How do you tell if the cost is separate from rent / mortgage?**

We consider heating or cooling costs as separate from rent / mortgage when the AU must pay for utilities based on individual metering and receives the bill:

- (1) Directly from the utility company;
- (2) From the landlord for actual itemized usage; or
- (3) From a third party (not the landlord) whose name is on the bill.

e. **How do you tell if a client should be given a utility allowance or if utilities are included in the rent?**

- (1) If all utilities are clearly included in the rent, clients receive the shelter deduction for the rent amount and no utility allowance;
- (2) If the landlord statement or other documents show the rent and utility costs together as a single expense in one place and list them as separate expenses on another, workers must look at the actual situation and determine whether or not the client has a separate expense. This may require contacting the landlord. Here are some questions to consider:
 - (a) Are the utilities included in the rent, (ZUA) or does the client pay for utilities separately? (SUA or LUA)
 - (b) If utilities are included, does the client have to pay for utilities above a set dollar amount? If so, do you expect them to have a fee for excess utilities?

EXAMPLE

If an AU is responsible for excess heating or cooling, then the AU gets a SUA **if we expect them to pay an amount for excess heating or cooling.**

- (c) Does the client only have phone service? Are they responsible to pay for local service? (TUA)

f. **What happens when households in separate residences share a common utility meter?**

When households in two residences share a utility meter for heating or cooling, each AU can receive a SUA. If the shared utility meters are not for heating or cooling services, each AU can receive an LUA.

EXAMPLE

Client lives in a trailer and gets electricity (heat source) from an extension cord to a friend's house. The friend gets the bill and charges the client for her share of the bill each month. The client and the friend each qualify for a SUA based on AU size.

NOTE: See WAC 388-450-0140(2) for information on the SUA or LUA when an ineligible alien or other excluded household member is in the AU.

3. **The Limited Utility Allowance (LUA)**

a. **What is required for an AU to be eligible for LUA?**

To qualify for the LUA, an AU must incur or expect to incur over the year any out-of-pocket utility cost:

- (1) Other than phone service;
- (2) Separate from rent or mortgage costs; and
- (3) That does not qualify the AU for a SUA.

b. **Does the utility allowance for an AU in the same residence affect whether or not an AU qualifies for LUA?**

Yes. If AU-A is lives in a home with another AU who qualifies for a SUA), the first AU must get a SUA if they pay utility costs. (See Utility Chart.)

c. **What costs qualify a client for the LUA?**

- (1) Electricity not used to heat or cool the residence;
- (2) Cooking fuel;
- (3) Water;
- (4) Garbage/trash collection; or
- (5) Sewer or septic tank costs;

4. **What happens when 2 or more assistance units share a residence?**

- a. An AU qualifies for a SUA **even if they do not help pay the heat bill** as long as someone living in the home is responsible for the primary heat or cooling expense and the AU:

- (1) Pays a flat amount for or a fixed percentage of the other person's bill for heat or cooling or any other **utility except for phone service**; or
- (2) Receives a bill for one or more utilities, such as phone or electricity.

NOTE: If the only utility expense paid by the AU is for the phone, the AU must be responsible for the **entire** phone bill to qualify for the SUA.

EXAMPLE

In a shared residence, one AU pays for all utilities except phone service. This includes heating. They do not pay for phone service. The other AU receives the phone bill and pays for phone service. **Each AU is eligible for a SUA.**

- b. If AUs share a residence and one AU pays for phone service only, the AU does not get a SUA if the AU who pays the heating costs have their own phone line and pay the cost for the line. The AU who pays for phone service only would get a TUA in this instance.

- c. An AU qualifies for a LUA when the AU shares a residence with others, no one in the residence is eligible for a SUA, and the AU:
 - (1) Pays a flat amount or a fixed percentage for any utility except phone service; or
 - (2) Receives a bill for one or more utilities (e.g., phone service or electricity).

5. The Telephone Standard (TUA)

a. The Telephone Standard (TUA)

Clients qualify for the TUA when they:

- (1) Do **not** qualify for the full or prorated SUA or LUA; and
- (2) Incur or expect to incur costs for telephone service.

b. What happens when more than one AU pays for one phone service?

When more than one AU pays for the telephone service, we allow the telephone standard to the AU whose member's name is on the phone bill. If two or more AUs have members named on the phone bill, we allow the standard to the AU that applies first.

c. Does a beeper, voice mail, or pager qualify for the TUA?

Clients qualify for the TUA when the AU has an alternative to an installed phone such as an answering service, pager, beeper, or a cellular phone only when the AU does not and cannot (for financial or other reasons) have a phone installed in their residence.

d. Does an AU qualify for the TUA if they must pay the phone bill, but they are not listed on the bill?

Clients qualify for the TUA if the AU can verify that they are responsible for the telephone service. This is true even if they are not named on the bill.

EXAMPLE

Client's phone service was turned off for non-payment. The next time the client tried to get service, the phone company required a \$300 deposit. In order to avoid paying the deposit, the bill is in the name of the client's mother. According to verification provided by the client, the client is responsible for paying the phone bill. The client qualifies for the TUA.

WORKER RESPONSIBILITIES

1. Determine the Appropriate Utility Allowance
 - a. Decide if the AU is eligible for:
 - (1) The standard utility allowance (SUA);
 - (2) The limited utility allowance (LUA); or
 - (3) The telephone utility allowance (TUA).
 - b. Verify the AU's qualifying utility costs under WAC 388-450-0195 before allowing the deduction.
 - c. Deny utility allowance/deductions to AUs when all utility costs are included as part of their rent.
2. Redetermine if an AU qualifies for SUA, LUA or TUA:
 - a. At recertification;
 - b. When an AU changes residences; and
 - c. When the client reports the beginning or end of heating and/or cooling costs.

EXAMPLE

Client has been using free wood for heating and now reports that they bought heating oil during the certification period.

UTILITY CHART

- SUA** Allowed if incurred or expected utility costs by an assistance unit (AU) in the residence include a heating or cooling bill. An AU always gets a SUA based on size of the AU.
- LUA** Allowed if the incurred or expected utility costs, excluding phone service, do not qualify for SUA.
- TUA** Allowed for each AU that has a separate phone service if the only utility bill for a residence is for phone service.

Living Situation	How Billed for Utility Costs	Eligibility
One AU One Residence	One Meter: - AU gets bill(s).	SUA if AU has heating/cooling costs; or LUA if AU has no heating/cooling costs.
Two AUs One Residence	One Meter: - AU A gets bill(s); and - AU B pays share of bill(s) to AU A	Each AU gets a SUA based on HH size; or Each AU gets a LUA.
	One Meter: - Off-site landlord gets bill(s) including heating costs; and - Landlord charges either or both AUs for actual usage.	Each AU responsible for a utility expense gets a SUA
	One Meter: - Utilities are included in rent and off-site landlord bills for excess costs; or - Off-site landlord bills fixed amount.	Each AU gets a SUA;
Two AUs Two Residences (One AU per Residence)	One Meter: - AU A gets bill(s); and - AU B pays share of bill(s) to AU A.	Each AU gets a SUA or LUA;
	One Meter: - Off-site landlord gets bill(s); and - AUs are paying some utility costs.	Each AU gets a SUA or LUA;
	Two Meters: - Separate billing for each AU.	Each AU gets a SUA or a LUA;
Multiple Residences (Apartment or group home - One AU per Residence)	One Meter: - Off-site landlord gets bill; and - Bills each residence an equal share of the expense.	Each AU gets a SUA or LUA
Multiple Residences (Apartment or group home - Two AUs per Residence)	One Meter: - Off-site landlord gets bill; and - AUs are paying some utility costs.	Each AU gets a SUA or LUA

WAC 388-450-0200 Medical expenses may be used as an income deduction for food assistance households containing an elderly or disabled household member.

- (1) Food assistance households can use medical expenses in excess of \$35.00 monthly as an income deduction for members that are:
 - (a) Age 60 or older; or
 - (b) Disabled as defined in WAC 388-400-0040.
- (2) The department allows deductions for expenses to cover services, supplies, or medication prescribed by a state licensed practitioner or other state certified, qualified, health professional such as:
 - (a) Medical, psychiatric, naturopathic physician, dental, or chiropractic care;
 - (b) Prescription drugs;
 - (c) Over the counter drugs;
 - (d) Eye glasses;
 - (e) Medical supplies other than special diets;
 - (f) Medical equipment.
 - (g) Hospital and outpatient treatment including:
 - (i) Nursing care; or
 - (ii) Nursing home care including payments made for a person who was an assistance unit member at the time of placement.
 - (h) Hospital insurance premiums paid by the client including:
 - (i) Medicare premiums or cost sharing; and
 - (ii) Insurance deductibles and co-payments.

- (i) Spenddown expenses as defined in WAC 388-519-0010. Spenddown expenses are allowed as a deduction as they are estimated to occur or as the expense becomes due.
 - (j) Dentures, hearing aids, and prosthetics.
 - (k) Cost of obtaining and caring for a seeing eye or hearing animal, including food and veterinarian bills. We do not allow the expense of guide dog food as a deduction if you receive Ongoing Additional Requirements under WAC 388-255-1050 to pay for this need.
 - (l) Reasonable costs of transportation and lodging to obtain medical treatment or services.
 - (m) Attendant care necessary due to age, infirmity, or illness. If your household provides most of the attendant's meals, we allow an additional deduction equal to a one-person allotment.
- (3) There are two types of deductions:
- (a) One-time expenses are expenses that cannot be estimated to occur on a regular basis. You can choose to have us:
 - (i) Allow the one-time expense as a deduction when it is billed or due; or
 - (ii) Average the expense through your certification period.
 - (b) Recurring expenses are expenses that happen on a regular basis. We estimate your monthly expenses for the certification period.
- (4) We do not allow a medical deduction if:
- (a) The expense has already been paid;
 - (b) The expense is repaid by someone else;
 - (c) The expense is paid or will be paid by another agency;
 - (d) The expense is covered by medical insurance;

- (e) You claim the expense later than the first billing, even it:
 - (i) You did not claim the expense the first time it was billed;
 - (ii) The expense is included in the current billing; and
 - (iii) You paid the bill.
- (f) We previously allowed the expense, and you did not pay it. We do not allow the expense again even it is part of a repayment agreement.
- (g) You included the expense in a repayment agreement after failing to meet a previous agreement for the same expense;
- (h) You claim the expense after you have been denied for presumptive SSI; and you are not considered disabled by any other criteria; or
- (i) The provider considers the expense overdue

CLARIFYING INFORMATION

1. To be eligible for the medical deduction, clients must report and verify all incurred and anticipated medical expenses at application and recertification.
2. We do not have to re-verify ongoing medical expenses during the certification period if they are not likely to change.
3. Clients do not have to report any changes in medical expenses during the certification period.
4. Clients must claim medical expenses when they are billed or otherwise due in order to get the deduction.
5. If client pays the expense before they claim it to the department, we allow the expense as long as it wasn't:
 - a. Overdue; or
 - b. Allowed for a previous period.

6. Anticipated Expenses:

Clients eligible for a medical deduction may estimate the medical expenses they expect to incur during the certification period.

- a. The estimate must be based upon current, verified medical expenses that the AU member incurred, as well as other available information about the client's medical condition and insurance coverage.
- b. If an AU reports an anticipated medical expense at the time of application or recertification but can't provide verification at that time, we allow the expense when the client provides the verification during the certification period.
- c. If an AU voluntarily reports a change in medical expense, we treat the change as a change in circumstances. See **CHANGE OF CIRCUMSTANCES**.

7. Incurred Expenses:

We allow current, verified, out-of-pocket medical expenses that the AU member incurs when the client:

- a. Gets the bill and claims it as an expense to the CSO while it is still due to the provider; or
- b. Arranges a payment plan for an expense before the initial bill is overdue; and
- c. Pays according to the initial repayment agreement.

8. Medical Equipment:

We can allow the cost of equipment as a medical deduction if it is needed due to the client's medical condition. Examples of allowable medical equipment are:

- a. Specialized telephone devices or TTY for hearing impaired clients; and
- b. Items needed for clients with limited mobility such as:

- (1) Wheelchairs;
- (2) Walkers; and
- (3) Modifications to the client's home such as:
 - (a) Grab bars;
 - (b) Wheelchair ramps; and
 - (c) Lowered countertops.

NOTE: If a client has improvements related to their medical condition completed along with improvements not related to their condition, we can't allow the expense as a medical deduction because they aren't separately identified and billed.

NOTE: If the improvements were paid for by a second mortgage, we allow the entire amount as a shelter expense instead of a medical expense.

9. Health insurance premiums:

- a. We do not allow the cost of health and accident insurance when the insurance benefit:
 - (1) Is payable in a lump sum upon death or dismemberment; and
 - (2) Covers mortgage or loan payments upon death or disability.
- b. We allow the cost of Medicare premiums as a deduction:
 - (1) When the client is responsible to pay the premium; and
 - (2) For the period of time between approval of Medicare cost sharing and the start of the buy-in.

NOTE: It takes 1-2 months from when Medicare cost sharing is approved for the state to start paying the premium. We **can't** make clients tell us when the buy-in starts, but we must end the deduction when we start to pay the premium.

For information on buy-in, see **MEDICARE COST SHARING**

10. Reasonable medical transportation costs:

We must determine transportation costs on a case-by-case basis. It is essential that the case documentation clearly shows why an expense was allowed or denied. If the cost is reasonable according to the situation, we can allow the costs.

Examples of allowable expenses are:

- a. Bus fare to get to medical appointments;
- b. The standard mileage rate for a privately owned vehicle as determined by the Internal Revenue Service. The rate for the year 2000 is 32.5 cents a mile;
- c. A rental car or taxi in an area or circumstance where bus service or a private vehicle is not available; and
- d. Long-distance phone calls to the client's medical practitioner instead of travel.

11. Spenddown:

We do not allow the total spenddown obligation as a medical expense. We allow the out-of-pocket expenses as they are incurred or anticipated.

12. Attendant care

We allow attendant care that is necessary due to age, infirmity, or illness. Allowable attendant care includes, but is not limited to:

- a. Homemaker;
- b. Home health aide; or
- c. Housekeeper;

NOTE: If the AU provides the majority of the attendant's meals, we

allow an additional deduction equal to a one-person allotment. If allotments are increased during the certification period, we update the deduction at the next recertification.

NOTE: If attendant care can be claimed as either a dependent care or medical expense, we allow the deduction as a medical expense.

13. Expenses from non-standard providers:

We allow medical expenses prescribed by a state-licensed practitioner or other state-certified health professional. If the client's health professional prescribes the treatment, we allow the medical deduction. Expenses we allow when prescribed by a licensed or certified health professional include treatment by:

- a. Acupuncturists;
- b. Sanipractors;
- c. Homeopathists;
- d. Herbalists;
- e. Massage Therapists;
- f. Christian Science practitioners or theological healers.

WORKER RESPONSIBILITIES

Determining Allowable Medical Expenses

- 1. Review the application for a statement that the client has a medical expense.
- 2. Ask all AUs with elderly or disabled members if those members have any medical/dental bills or expect to incur medical or dental expenses.
- 3. Verify the portion of the expense that will not be reimbursed or paid by another source by obtaining:
 - a. Proof of the amount of covered and uncovered expenses from all insurance carriers including Medicare; or

- b. A billing from the provider showing the amount due after insurance coverage.
- 4. Certify the AU without the claimed deduction if the expense is not verified.
- 5. Review medical expense deductions at each certification.
- 6. When Medicare cost sharing has been approved but the buy-in has not started, allow the deduction. Set an alert to remove this deduction when the state starts to pay the premium.

FOOD ASSISTANCE PROGRAMS BENEFIT COMPUTATION

NOTE: There is no WAC for calculating food stamp benefits. Food and Nutrition Service establishes the method of calculating Food Stamp benefits and publishes it in the Code of Federal Regulations, 7 CFR 273.10.

Workers must understand how to calculate food assistance benefits in order to explain how a client's income and circumstances affect their benefits.

WORKER RESPONSIBILITIES

Use the following procedures to determine an AU's food assistance benefits.

1. Gross Income

- a. Determine total countable gross income for all AU's as follows:
 - (1) Include all dollar and cent amounts when calculating;
 - (2) Add all non-excluded earned income from all sources;
 - (3) Add all non-excluded unearned income from all sources; and
 - (4) Add all deemed and allocated income; and
 - (5) Allow earned income deduction, if appropriate.
- b. Compare total countable gross income to the gross income standard.
- c. Deny the application or terminate benefits for AUs with income above the gross income standard (except AUs containing an elderly or disabled member or a categorically eligible AU).

See WAC 388-414-0001, Food assistance categorical eligibility and WAC 388-478-0060, Income eligibility standards for food assistance.

- d. Determine net income for AUs that meet the gross income standard and for AUs containing an elderly or disabled member.

2. Net Income

Determine net income by:

- a. Including all dollar and cent amounts when calculating net income and all deductions.
- b. Subtract:
 - (1) The standard deduction;
 - (2) The earned income deduction, if appropriate, which is 20% of gross earned income (before deducting any farm-loss offset);
 - (3) Dependent care expenses up to the standard;
 - (4) Allowable non-reimbursable medical expenses over \$35 for AUs containing an eligible elderly or disabled member;
 - (5) Legally obligated child support payments made by an AU member to or for a person who is not a member of the AU. The total after steps (1) through (5) is the countable income;
 - (6) Shelter costs that exceed 50% of countable:
 - (A) For AUs with eligible elderly or disabled AU members, we allow the entire amount of shelter costs that exceed 50% of the countable income; or
 - (B) For AUs with **no** eligible elderly or disabled AU members, we allow the entire amount of shelter costs that exceed 50% of the countable income or \$300, whichever is less.
- c. Round the net food stamp income to the nearest dollar before determining net income eligibility or allotment amount. Round up from \$.50 and down from \$.49.
- d. Compare net income to the net income standard.

3. Eligibility

Deny or terminate benefits if the AU's net income exceeds the net income standard.

4. Benefit Level

If eligible, determine the AU's benefits by:

a. Using the allotment formula:

- (1) Multiply the AU's net income by 30%;
- (2) Round this amount up to the next whole dollar; and
- (3) Subtract the result from the Maximum Allotment for the number of eligible AU members; or

b. Using the AU's net income and the Basis of Issuance Tables (Form DSHS 12-006 (X) to find the benefit amount.

EXAMPLE 1

AU of four people with net income of \$800.

\$465	(Maximum allotment for four-person AU)
<u>-\$240</u>	(\$800 x .3)
\$225	Food assistance benefit

EXAMPLE 2

AU of 5 people with net income of \$351.

\$553	(Maximum allotment for five-person AU)
<u>-\$106</u>	(\$351 x .3 = 105.30, Rounded up to \$106)
\$447	Food assistance benefit

COMPUTING BENEFITS FOR AUs CONTAINING MEMBERS OF BOTH:

- **Federal Food Stamp Program (FSP)**
- **Food Assistance Program for Legal Immigrants (FAP)**

NOTE: There is no WAC for computing benefits for mixed FSP/FAP AUs. Food and Nutrition Service establishes the method of calculating Food Stamp benefits. FNS publishes this method in the Code of Federal Regulations, 7CFR 273.10.

CLARIFYING INFORMATION

1. For AUs where all AU members are immigrants eligible to receive FAP, we determine FAP benefits the same way we do for federal food stamps. The AU receives the same type of food assistance benefits and receives the same notices. The state funds 100% of FAP benefits.

ACES uses the following process to determine benefits in an AU that has both citizen/qualified alien and legal immigrant members:

Step 1

ACES calculates benefits as if all members were eligible for the federal program (following all federal rules regarding income, resources, and assistance units).

Step 2

ACES does a second benefit calculation for just the members eligible for the federal food stamps (non-qualified legal immigrants are treated as ineligible AU members following federal rules).

Step 3

- a. If Step 1 is greater than Step 2, the difference is the FAP benefit.
- b. If Step 2 is greater than Step 1, we issue the amount in Step 2.

Prorating Income and Deductions

For AUs with both federal food stamps and FAP, we budget deductions for food assistance the same way as we budget the income. When we prorate income among

the AU, we prorate the deductions as well. If we do not prorate the income, we do not prorate the deductions either.

WORKER RESPONSIBILITIES

1. In an emergency situation when ACES is not available, compute benefits for a mixed FS/FAP AU by using Steps 1 - 3 above.
2. ACES is programmed to determine benefits for federal food AUs, FAP AUs, and mixed FS/FAP AUs. Ensure that the correct alien status is coded on the (ALAS) screen in ACES.

Effective September 12, 2002

WAC 388-450-0210 Countable income for medical programs.

- (1) For purposes of medical program eligibility, a client's countable income is income which remains when:
 - (a) The income cannot be specifically excluded; and
 - (b) All appropriate deductions and disregards allowed by a specific program, have been applied.
- (2) A client's countable income cannot exceed the income standard for the specific medical programs described in WAC 388-478-0065, 388-478-0070, 388-478-0075, 388-478-0080, or 388-513-1305, 388-513-1315, or 388-513-1395 unless the program allows for those limits to be exceeded.
- (3) Unless modified by subsection (4) of this section, the TANF / SFA income rules, as described in this chapter, are used to determine a client's countable income for the following programs:
 - (a) Family medical program as described in WAC 388-505-0220;
 - (b) Medical extensions as described in chapter 388-523 WAC;
 - (c) Pregnant women's program as described in WAC 388-462-0015;
 - (d) Children's medical program as described in WAC 388-505-0210;
 - (e) Medically Indigent (MI) program as described in WAC 388-438-0100.
- (4) Exceptions to the TANF / SFA cash assistance methodology apply as follows:
 - (a) The financial responsibility of relatives when a client is applying for medical for families, children, pregnant women or for the medically indigent program is specified in WAC 488-408-0055;
 - (b) Actual work-related child and dependent care expenses, which are the client's responsibility, are income deductions (the limits on this deduction in WAC 388-450-0170(3) and (4) do not apply);
 - (c) Court or administratively-ordered current or back support paid to meet the

needs of legal dependents, are income deductions;

- (d) Only income actually contributed to an alien client from the alien's sponsor is countable unless the sponsor signs the affidavit of support I-864 or I-864A. See subsection (5) of this section;
- (e) TANF / SFA gross earned income limits as described in WAC 388-450-0165 do not apply;
- (f) The fifty percent earned income deduction is not used to calculate countable income for CN programs with income levels based upon the Federal Poverty Level (FPL). These programs are listed in subsection (3)(c), and (d) of this section. The only work related income deductions for these programs are:
 - (i) Ninety dollars; and
 - (ii) Actual work-related child and dependent care expenses, as described in subsection (b) of this subsection; and
 - (iii) Child support as described in (c) of this subsection.
- (g) When determining medically needy (MN) or MN scope of care coverage for children or pregnant women for the program described in subsection (3)(c) and (d), the exception described in subsection (4)(f) is not used as the MN income standards are not based on the FPL.
- (h) A nonrecurring lump sum payment is considered as income in the month the client receives payment, and a resource if the client retains the payment after the month of receipt:
- (i) Diversion cash assistance (DCA), is not countable income;
- (j) Effective April 1, 2002, the department will disregard an increase in earned income when:
 - (i) A family is receiving benefits under the family medical program; and
 - (ii) The increase occurs during the second or third month of eligibility. The disregard stops the last day of the third month of eligibility for a family medical program.

- (5) When an alien's sponsor has signed the affidavit of support I-864 or I-864A, the sponsor's income and resources are counted as described in WAC 388-450-0155, 388-450-0156, 388-450-0160, and 388-470-0060.
- (6) Except when this state has adopted more liberal rules, SSI income rules are used to determine a client's countable income for the following programs:
 - (a) SSI-related CN or MN; and
 - (b) Medicare savings programs. Refer to chapter 388-475-WAC.

CLARIFYING INFORMATION

COLA increases are not counted as income until April 1 of each year for the QMB, SLMB, ESLMB, QDWI, and QI programs.

The medical programs described in subsection (3) of the above WAC use the TANF / SFA income rules to determine countable income. After determining countable income, treatment of income for medical programs may be different. For example, see the Assistance Units category for more information on family financial responsibility and when separate medical assistance units must be established.

For children's and pregnant women's programs with monthly income standards based on the FPL, the earned income deduction is limited to \$90. When the family income exceeds the CNIL, the case trickles to F99 / P99. The medically needy monthly income standards are not based on the FPL. The earned income deduction changes to the 50% deduction.

The income exclusion described in subsection (4)(i) is designed to assist families to meet the "three out of last six months" federal requirement. See the Medical Extensions category for further information.